

Hershey Chocolate Corporation and Affiliated Companies



CONSOLIDATED BALANCE SHEET

December 31, 1933

AND

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1933

TOGETHER WITH

AUDITORS' REPORT



CORP. FILE

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES
CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1933

ASSETS

CURRENT ASSETS:

Cash		\$ 2,151,098.32
Accounts receivable	\$ 1,537,471.27	
Less - Reserve for bad debts and discounts	292,983.55	1,244,487.72
Inventories of raw materials, goods in process and finished goods, certified by officials of the company as to quantities and condition, valued at the lower of cost or market		5,079,851.94
Total current assets		\$ 8,475,437.98

SUPPLY INVENTORIES, PREPAID EXPENSES, ETC.:

Supplies and repair parts	\$ 218,997.59	
Salesmen's advances, prepaid insurance, etc.	87,007.21	
Note receivable - secured by mortgage	16,000.00	
Cash in closed bank	36,142.54	358,147.34

HERSHEY CHOCOLATE CORPORATION, CONVERTIBLE PREFERENCE STOCK- 17,207 shares at cost.

1,261,775.19

PLANT AND PROPERTY:

<u>Particulars</u>	<u>Gross Book Value</u>	<u>Reserve for Depreciation</u>	<u>Net Book Value</u>
Land	\$ 123,228.39	\$ -	\$ 123,228.39
Buildings and improvements	6,448,038.15	2,774,651.22	3,673,386.93
Machinery, equipment and fixtures	10,473,607.74	6,668,184.40	3,805,423.34
New York properties	1,715,712.93	296,747.67	1,418,965.26
	<u>\$18,760,587.21</u>	<u>\$9,739,583.29</u>	<u>\$ 9,021,003.92</u>
Construction in progress			21,493.46
			<u>9,042,497.38</u>
			<u>\$19,137,857.89</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts and wages payable and accrued	\$ 859,979.56
Reserve for Federal income and capital stock taxes	715,047.40
Dividends payable February 15, 1934 on convertible preference stock and common stock	1,054,774.75
Total current liabilities	\$ 2,629,801.71

CAPITAL STOCK AND SURPLUS

Convertible preference stock (without par value)- Authorized and issued 350,000 shares of which 78,649 shares have been converted into common stock- Issued and outstanding 271,351 shares at stated value (see note)	\$ 271,351.00
Common stock (without par value)- Authorized 1,000,000 shares of which 271,351 shares are reserved for conversion of convertible preference stock- Issued and outstanding 728,649 shares at stated value	728,649.00
	\$ 1,000,000.00
Surplus at organization	2,820,829.96
Earned surplus, December 31, 1933	12,687,226.22
	16,508,056.18
	<u>\$19,137,857.89</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the common stock. Upon any distribution of capital assets the convertible preference stock is entitled to receive \$50.00 per share and accumulated unpaid dividends (if any) before any distribution to the common stock and shares equally per share with the common stock in any distribution of the balance until the convertible preference stock receives a total of \$100.00 per share and accumulated unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1933

GROSS PROFITS ON SALES.....	\$ 7,634,437.01
SHIPPING, SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	2,882,338.27
Net profits from operations.....	\$ 4,752,098.74
OTHER INCOME—NET: Sale of scrap, net income from sales of creamery products, etc., cash discounts, and other miscellaneous income.....	\$ 195,298.52
LESS—Miscellaneous charges	31,943.97
	163,354.55
Net profits before provision for Federal income tax	\$ 4,915,453.29
PROVISION FOR FEDERAL INCOME TAX.....	669,419.35
Net profits, carried to surplus account.....	\$ 4,246,033.94

Note: Costs and expenses include provision for depreciation of \$811,479.99 on plant and property.

SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1933

Earned surplus at December 31, 1932.....	\$11,912,531.28
Net profits for the year ended December 31, 1933.....	4,246,033.94
	\$16,158,565.22
Dividends:	
Convertible preference stock.....	\$1,285,392.00
Common stock.....	2,185,947.00
	3,471,339.00
Earned surplus at December 31, 1933.....	\$12,687,226.22

Note: During 1933 surplus at organization was credited with \$27,232.97 which represented the adjustment of a reserve previously charged thereto.

OFFICERS:

M. S. Hershey, Chairman of Board of Directors
William F. R. Murrie, President
John E. Snyder, Vice-President
Ezra F. Hershey, Treasurer
W. S. Crouse, Secretary

DIRECTORS:

M. S. Hershey, Hershey, Pa.
William F. R. Murrie, Hershey, Pa.
Ezra F. Hershey, Hershey, Pa.
John E. Snyder, Hershey, Pa.
P. A. Staples, Central Hershey, Cuba

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

67 WALL STREET

NEW YORK

AUDITORS' CERTIFICATE

To Hershey Chocolate Corporation:

We have made an examination of the consolidated balance sheet of the Hershey Chocolate Corporation (a Delaware Corporation) and Affiliated Companies as at December 31, 1933, and of the summaries of consolidated profit and loss and earned surplus accounts for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and earned surplus accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the financial position of the companies at December 31, 1933, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 15, 1934.



MILD and MELLOW

M I L K C H O C O L A T E

A NEW AND DISTINCTLY DIFFERENT CHOCOLATE BAR

HAS BEEN ADDED TO

THE HERSHEY PRODUCTS

The reception by the public of the "Mild and Mellow" chocolate bars has been particularly gratifying to your management

Our Stockholders, as individuals, can greatly advance the Company's interest and their own, by using HERSHEY'S Products in their homes and recommending them to others.
